Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

IT PROJECT EVALUATION

SECTION I: PROPOSAL

Date: 6/7/2001

Agency Name: INSPECTIONS & APPEALS

Project Name: Electronic application for food service and lodging licenses

Expenditure Name: Electronic application for food service and lodging licenses

Agency Manager: Ralph Wilmoth

Agency Manager Phone Number / E-mail: (515) 281-7383 rwilmoth@dia.state.ia.us

Executive Sponsor (Agency Director or Designee): Tim McLaughlin

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure required by State statute? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Does this project or expenditure meet a health, safety or security requirement?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: This project is consistent with the Governor's goal of 100% E by 2003.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: Pre-project: The current system requires business owners/operators to call or write to request an application. It must then be mailed out to them. The quickest they could receive the document would be two days.
Post-project: This project would allow the owners/operators to log on to the website and immediately complete or download any application they needed at that time.

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: The ability to complete or download food establishment and lodging license applications from the internet will streamline the application process for our customers, provide enhanced services, and reduce staff time and mailing costs for the Department.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: DIA, licensees. It will provide a faster and more efficient (easier access) means of applying for, and renewing a license.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response:
a. Familiarity with the program needs and software development processes.
b. Program staff are very familiar with the program requirements.
c. Information Technology Department
d. The program has successfully worked with a private contractor to develop the Social and Charitable Gambling Database and electronic file storage.

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response:
a. This is not the first part of a future, larger project.
b. This is a continuation of an existing system. An Access database was developed in 2000 to track license and inspection information. This project would permit the applicants to submit information for import into the database without the necessity of agency data entry.

2. Expectations: Describe the primary purpose or reason for the project.

Response: Application for new or renewal licenses for restaurants, grocery stores, hotels, vending machines, food processing and egg handling businesses. This would decrease postage costs and could decrease the amount of human resources required at the state level and improve processing efficiencies.

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response: Savings in both fiscal and human resources related to the processing of licensure requests and improved processing time for the applicant.

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: The Iowa Department of Inspections and Appeals, lodging and food establishment owners/operators

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: Risks associated with not implementing this project would be continued or increased customer dissatisfaction with delays in license application process and not keeping up with current technology. The risk of implementing an electronic system but failing to maintain a low tech process will alienate some of the exisiting licensees.

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response:
a. The system must be capable of receiving confidential information such as Social Security numbers and processing credit card transactions.
b. These security requirements must be initiated when an attempt to transmit a completed license occurs. Specifications of the development contract will require that the contractor test the security once the application is developed.
c. These requirements will be included in the original request for proposal.

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: This project should be completed within six months of initation. The project will begin July 1, 2003. The project will be divided into Architecture/design (due 7/19), Detailed design (due 8/25), Code/debug (due 10/9), Unit test (due 11/15), Integration (due 12/12), and System test (due 12/31). The contractor will be responsible for provision of all development resources and the department will provide programmatic support.

SECTION III: TECHNOLOGY (In written detail, describe the following)

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response:
a. MicroSoft Access 2000 for the database.
b. The PC operating system is MS Windows 98, the network operating system is Novell Netware 5.1
c. The system does not interface with other systems.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response:
a. MS Windows 98
b. Desktop PCs are utilized for the application with storage on network servers in an equipment closet on another floor of the Lucas Building.
c. No connection or ability for external user to connect to our systems. 100 Megabit bandwidth.
d. No connection or ability for external user to connect to our systems.
e. The system does not interface with other systems.

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response:
a. Current MS Windows product
b. Current Novell Netware
c. The system could benefit from interfaces with the Alcoholic Beverages Division and the Department of Revenue and Finance.
d. The ability to interface with products being used by the agencies identified in item c.

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system

b. Storage and physical environment
c. Connectivity and Bandwidth
d. Logical and physical connectivity
e. Major interfaces to other systems, both internal and external
f. General parameters if specific parameters are unknown or to be determined

Response:
a. State owned web server.
b. State owned server located in ITD accessible to outside personnel via the Internet.
c. Client side/standard Internet connectivity.
d. Server to DIA/100 Megabit connection via campus backbone.
e. Interface to DIA Access databases (Food and Consumer Safety database via DIA initiated download)
f. System would allow complete input of license forms to a holding area for review prior to entry into the master database.

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: The project would add information to an existing database.

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \text{Pr}orated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$ 10,000	3	100%	$0	100%	$ 3,333
Software	$ 0	4	100%	$ 0	100%	$ 0
Hardware	$ 3,000	3	100%	$ 1,000	100%	$ 2,000
Training	$ 1,000	4	100%	$ 250	100%	$ 500
Facilities	$ 0	1	100%	$ 0	100%	$ 0
Professional	$ 10,000	4	100%	$ 2,000	100%	$ 4,500

Services							
ITD Services	$ 3,000	4	100%	$ 3,000	100%	$ 3,750
Supplies, Maint, etc.	$ 0	1	100%	$ 0	100%	$ 0
Other (Specify)	$ 0	1	100%	$ 0	100%	$ 0
Totals	$ 27,000	-------	-------	$ 6,250	------	$ 14,083

Transfer this amount to the ROI Financial Worksheet, item “D” on page 13.

B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - ☒ A Pooled Technology Fund or Reengineering Fund Request
   - ☐ An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$10,000	37%	$	%	$	%
Pooled Tech. Fund	$ 17,000	63%	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	%	$	%	$	%
Total Project Cost	$ 27,000	100%	$	%	$	%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: New Project

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: $10,000/37%

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: Hardware upgrade ($3,000), Training ($500), Professional Services ($2,000), ITD Services ($3,000) = Total = $8,500

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: $35,000 total: $25,000 personnel costs and $10,000 printing and mailing

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: $28,000 total: $25,000 personnel costs and $3,000 printing and mailing

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: $7,000, cost savings due to reduction in printing and mailing expense.

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: $21,000 – a cost savings of $1.00 per licensee for mailing and related costs.

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: $0, only clear issue is avoiding the consequences of not complying with enterprise technology standards.

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: $28,000

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI

calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response: $14,083

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response: $28,000/$14,083 = 2.0

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response: ($28,000 - $14,083) / $17,000 = 82%

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response: Reducing the government hassle factor (7).

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$ 25,000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$ 10,000
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$ 0
A. Total Annual Pre-Project Cost:	$ 35,000
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$ 20,000
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$ 8,000
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$ 0
B. Total Annual Post-Project Cost:	$ 28,000
State Government Benefit (= A-B):	$ 7,000
Annual Benefit Summary	
State Government Benefit:	$ 7,000
Citizen Benefit:	$ 21,000
Opportunity Value or Risk/Loss Avoidance Benefit:	$ 0
C. Total Annual Project Benefit:	$ 28,000
D. Annual Prorated Cost (SECTION IV-A):	$ 14,083
Benefit / Cost Ratio: (C / D) =	2.0
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	**82%**
x☐ Benefits Not Readily Quantifiable	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**